

(2) If one of the Sharing Families vacates the unit, but the other Family remains in occupancy, the following requirements apply:

(i) If the remaining Sharing Family wants to continue to receive assistance under the Contract, it must try to find a successor Sharing Family acceptable to the Owner. The PHA will approve the Lease between the Owner and the successor Sharing Family, in accordance with paragraph (b) of this section. The PHA may not approve the Lease of a successor Sharing Family, unless the remaining Sharing Family agrees to occupancy by the successor Family.

(ii) The Contract will automatically terminate at the end of the calendar month after the calendar month in which the Sharing Family vacated the unit, unless the Owner and a successor Sharing Family execute a Lease approved by the PHA for a term beginning not later than the first day after the Contract would otherwise have terminated.

(iii) If there is a successor Sharing Family, the Contract Rent for the successor Sharing Family will be the same as the Contract Rent that would have been payable for the Family it is replacing. If the successor Sharing Family is not in occupancy for a full calendar month at the beginning of its occupancy, the Contract Rent for the month must be prorated in accordance with HUD requirements.

(iv) The PHA will issue the remaining Sharing Family a new Certificate, upon request, in accordance with § 882.209(m)(1), consistent with paragraph (a)(2) of this section.

(3) If a Sharing Family vacates the unit, the Owner will receive the housing assistance payments due under the Contract for the Family for that part of the month in which the Family vacates the unit as the Family's portion of the unit is vacant. For the next month, if the Family's portion of the unit continues to remain vacant, the Owner will receive a housing assistance payment equal to 80 percent of the Contract Rent for the Family that vacated the unit. However, if the Owner collects any of the Family's share of the rent for this period, the payment must be reduced to an amount which when added to the Family's payment,

does not exceed 80 percent of the Contract Rent for the Family. Any excess must be reimbursed to the PHA.

(d) *Termination of assistance for Sharing Family.* The Contract will terminate if the PHA terminates assistance to either Sharing Family as provided by § 882.210, including termination for failure of a Sharing Family to submit required evidence of citizenship or eligible alien status in accordance with § 812.5. The PHA must notify the Owner of Contract termination, and the Contract will terminate at the end of the calendar month after the calendar month in which the PHA gives the notice to the Owner. The PHA will issue the remaining Sharing Family another Certificate in accordance with § 882.209(m)(1), consistent with paragraph (a)(2) of this section.

(The information collection requirements contained in paragraph (a) were approved by the Office of Management and Budget under control number 2502-0123)

[51 FR 21310, June 11, 1986, as amended at 59 FR 36682, July 18, 1994]

Subpart D—Special Procedures for Moderate Rehabilitation—Basic Policies

SOURCE: 47 FR 34379, Aug. 9, 1982, unless otherwise noted.

§ 882.401 Applicability, scope and purpose.

(a) *General.* This subpart D and subpart E set forth the policies and procedures to be used by PHAs in initiating and administering a Moderate Rehabilitation Program. The purpose of the Moderate Rehabilitation Program is to upgrade substandard rental housing and to provide rental subsidies for low-income Families. Further, PHAs may use the program to achieve local objectives such as deconcentration of assisted housing, revitalization of targeted neighborhoods or minimization of displacement.

(b) *Eligible applicants.* PHAs, including State Housing Finance and Development Agencies authorized to participate under 24 CFR part 883, eligible to participate in the Program are those who (1) have the ability to operate a rehabilitation program, or (2) will contract with a qualified agency or entity,

or (3) will develop the capability to operate a rehabilitation program.

(c) *Eligible and ineligible properties.* (1) Except as provided in paragraphs (c) (2) through (7) of this section, housing suitable for moderate rehabilitation as defined in § 882.402 is eligible for inclusion under the Moderate Rehabilitation Program. Existing structures of various types may be appropriate for this Program including single-family houses, multi-family structures and Independent Group Residences.

(2) Housing (i) which is, or has been within twelve months prior to the Owner's submittal to the PHA of a proposal, subsidized under any federal housing program, except housing assisted under subparts A and B of this Part which meets the Performance Criteria of the Housing Quality Standards but has a major building system or component in danger of failure (provided that the Existing Housing Contract is terminated before the Moderate Rehabilitation Contract takes effect), or (ii) which is owned by the PHA administering the ACC under this Program, or (iii) which is a project with a HUD-held mortgage or is a HUD-owned project and is not eligible for assistance under this Program.

(3) Nursing homes, units within the grounds of penal, reformatory, medical, mental and similar public or private institutions, and facilities providing continual psychiatric, medical or nursing services are not eligible for assistance under the Moderate Rehabilitation Program.

(4) Housing owned by a State or unit of general local government is not eligible for assistance under this Program unless:

(i) HUD has reviewed and approved the site prior to the execution of an Agreement, and

(ii) The State or unit of a general local government sells the property to another Owner prior to execution of an Agreement.

(5) High rise elevator projects for Families with children may not be utilized unless HUD determines there is no practical alternative. (HUD may make this determination for a locality's Moderate Rehabilitation Program in whole or in part and need not review each building on a case-by-case basis.)

(6) Single room occupancy (SRO) housing may not be utilized unless:

(i) The property is located in an area in which there is a significant demand for such units, as determined by the HUD Field Office, and

(ii) The PHA and the unit of general local government in which the property is located approve of such units being utilized for such purpose.

(7) No Section 8 assistance may be provided with respect to any unit occupied by an Owner; however, cooperatives will be considered as rental housing for purposes of this Program.

(d) *Applicability of subparts A, B, and F.* Sections 882.102 (Definitions), 882.109 (Housing Quality Standards), and 882.112 (Security and Utility Deposits) of subpart A and § 882.217 (HUD Review of Contract Compliance) of subpart B are applicable to the Moderate Rehabilitation Program. Other sections which have been modified for this Program are repeated or referenced in subparts D and E with appropriate amendments. Subpart F, Special Provisions for Manufactured Home Owners, does not apply to subparts D and E.

[47 FR 34379, Aug. 9, 1982, as amended at 50 FR 9269, Mar. 7, 1985]

§ 882.402 Definitions.

In addition to the definitions set forth in § 882.102, the following will apply:

Agreement to enter into Housing Assistance Payments Contract ("Agreement"). A written agreement between the Owner and the PHA that, upon satisfactory completion of the rehabilitation in accordance with requirements specified in the Agreement, the PHA will enter into a Housing Assistance Payments Contract with the Owner.

Eligible Family ("Family"). A family as defined in § 882.102, including all low-income single persons in occupancy prior to execution of the Agreement. (Units occupied by low-income single persons, even if not elderly or handicapped, may be determined eligible in order to prevent displacement.)

Moderate rehabilitation. Rehabilitation involving a minimum expenditure of \$1,000 for a unit, including its prorated share of work to be accomplished on common areas or systems, to: